PX 744

https://www.xrpchat.com/topic/17881-issuing-gateway-vs-private-exchange/

Issuing Gateway vs. Private Exchange

By Lumpy,
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Lumpy

Member

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Posted January 24, 2018   •••

Hi,

There is something I quite do not understand. Maybe someone can help 😊

We all know that Ripple (the company) aims to provide liquidity to its clients. Liquidity can be provided through its private network of clients (RippleNet) and/ or using the XRP Ledger.

Today, more than 99% of the Total XRP traded (against IOUs) happen off-blockchain (not on the XRP Ledger).

Only ≈0,8% of the Total XRP is traded on the XRP Ledger.

Merchants are one of the key targets within the Ripple (the company) strategy and they can accept payments only within the XRP Ledger. So we have an unbalanced system or a two tier network.

- One that is private (RippleNet), where liquidity is very interesting from a forex perspective, as well for large corridors as for exotic corridors
- And one that is public (XRP Ledger), where liquidity is not very interesting. GBP IOU does not even exist!

But the latest will be promoted for merchants...

Here comes the questions: **why do we not have more Issuing Gateways? Why are Private Exchanges the preferred model?**

Peace

pucksterpete ❤ 1

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May I dare 😊 @JoelKatz

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JoelKatz

Ripple Employee

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Posted January 24, 2018   •••

Ripple is not targeting XRP at "retail" use. There are a variety of reasons for this, including the regulatory challenge, but it's also because we (at least some of us) don't think any cryptocurrencies are quite ready for mass adoption through this route yet. (Just as you probably couldn't have launched anything remotely resembling Twitter or Facebook in 1988.)

We did pursue a gateway strategy for several years. We had a very hard time onboarding gateways, and an unreliable gateway is worse than no gateway. Gateways faced challenges with regulatory compliance, customer service, and finding a good revenue model. Part of the problem is interest rates being at a very low level, making it not particularly profitable to hold other people's money. The security problems with interacting with cryptos didn't help either.

So we pivoted to a strategy where we're promoting the XRP Ledger primarily as the ultimate store of XRP rather than as a decentralized exchange. We plan to expand and enhance our product line's XRP integration to provide XRP liquidity and take advantage of XRP liquidity wherever it may be. xRapid is our first big push to connect payments to XRP settlement.

WrathofKahneman, Lumpy, Amigo and 5 others ❤ 3   🏆 5